



The Office of the Beaver County Sheriff

Audit Report

For the Period January 2003 through December 2005

**Richard W. Towcimak
Beaver County Controller**

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RICHARD W. TOWCIMAK
CONTROLLER



VINCENT LaVALLE
DEPUTY CONTROLLER
ROBERT LEWIS, JR.
SOLICITOR

BEAVER COUNTY COURTHOUSE
THIRD STREET – BEAVER, PENNSYLVANIA 15009-2196
TELEPHONE: Area Code 724-728-5700

February 17, 2006

Mr. Felix A. DeLuca
Beaver County Sheriff
Beaver County Courthouse
Beaver, Pennsylvania 15009

Dear Mr. DeLuca:

We have audited the records of the Beaver County Sheriff for the period of January 1, 2003 through December 31, 2005 and issued our report thereon dated February 17, 2006.

We conducted our audit in accordance with generally accepted governmental auditing standards. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

Based upon our review of the financial records, we have made the following findings, observations and recommendations as detailed in this report.

Richard W. Towcimak
Beaver County Controller

Scope:

The scope of this audit encompasses the period from January 1, 2003 to December 31, 2005.

Objectives:

Through the completion of internal control questionnaires, control tests, substantive tests, and observation, the following audit objectives were accomplished for this audit:

- Prepare a financial statement for year reviewed
- Evaluate controls over the Sheriff's office checking accounts and change fund
- Ensure that funds are deposited timely
- Ensure that funds received are disbursed to the proper payees
- Ensure that funds held in escrow are adequate and properly documented
- Ensure that funds receipted are applied properly to the case
- Evaluate controls over the DARE Program and its administration
- Ensure that funds due to the Commonwealth are remitted correctly and in a timely manner
- Ensure that void receipts are voided for a valid reason
- Ensure that proper documentation is maintained in the case files
- Evaluate the controls over cash
- Evaluate the controls over purchasing and the administration of the budget
- Evaluate controls over general office procedures

**The Office of the Beaver County Sheriff
Statement Of Receipts And Disbursements
January 1, 2003 Through December 31, 2003**

Beginning Combined Balance January 1, 2002.....\$548,076.02

Receipts:

General Receipts\$2,043,398.48

Surcharge Account\$70,650.00

Total Receipts\$2,114,048.48

Disbursements:

Beaver County..... \$(377,762.93)

General Payments \$(1,847,046.01)

Surcharge Account..... \$(64,930.00)

Total Expenses \$(2,289,738.94)

Adjustments:

Undone check, crossing year end.....\$1,442.09

Adjustment for Deputies Education Fund..... \$(12,722.00)

Total Adjustments \$(11,279.91)

Ending Balance December 31, 2003\$361,105.65

**The Office of the Beaver County Sheriff
Statement Of Receipts And Disbursements
January 1, 2004 Through December 31, 2004**

Beginning Combined Balance January 1, 2004.....\$361,105.65

Receipts:

General Account\$2,539,638.36

Surcharge Account.....\$67,720.00

Total Receipts\$2,607,358.36

Disbursements:

Beaver County..... \$(369,342.10)

General Payments \$(2,237,414.93)

Surcharge Account..... \$(67,090.00)

Total Expenses \$(2,673,847.03)

Adjustments:

Total Adjustments\$0.00

Ending Balance December 31, 2004\$294,616.98

**The Office of the Beaver County Sheriff
Statement Of Receipts And Disbursements
January 1, 2005 Through December 31, 2005**

Beginning Combined Balance January 1, 2005.....\$294,616.98

Receipts:

General Account\$2,148,731.59
Surcharge Account.....\$66,710.00

Total Receipts\$2,215,441.59

Disbursements:

Beaver County..... \$(323,472.03)
General Payments \$(1,770,791.09)
Surcharge Account..... \$(67,230.00)

Total Expenses \$(2,161,493.12)

Adjustments:

Total Adjustments\$2.00

Ending Balance December 31, 2005\$348,567.45

OFFICE OF THE SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2003 THROUGH DECEMBER 31, 2005

Note 1: Summary of Significant Accounting Policies - The Sheriff's Office reports on the cash basis of accounting. Under the cash basis of accounting, revenues are recognized when received and expenses recognized when the disbursement is made.

The financial statements are a combined presentation of two bank accounts: The computerized general account and the surcharge account. Transfers were made on a monthly basis from the general account to the surcharge account for costs due to the Commonwealth of Pennsylvania.

Note 2: General Account Receipts/Disbursement Categories - The Sheriffs' Office received money for deposit into the general account for the following: gun applications, gun duplicates, gun permits, complaints, warrants, complaint in mortgage foreclosure, writ to join additional defendant, civil action case, protection from abuse, writ of revival, license to sell firearms, license to sell precious metals, declaration of taking notification/offer, vehicle impoundments, funeral transporting, accident reports, parking violations, tax sale services, advanced payments, deposits to hold real estate and the balances due on real estate, writs of possession, writs with interrogatories, writs of seizure, payments on property sold, money made on sheriff's sales, property claim writs, and additional costs incurred.

Disbursements were made from this account for the following: refund payments, towing costs, costs due to the county and transfers to the surcharge account. Additionally, disbursements were made for case filings (prothonotary/recorder of deeds), tax payments (county, local, claims department), advertising costs, disbursements to financial institutions for land sales and plaintiff disbursements.

Note 3: Surcharge Account Receipts/Disbursement Categories - The Sheriffs' Office received money into the surcharge account from the general account. This money represents fees collected that will be disbursed to the Pennsylvania State Treasury for the Deputies Education Fund. These funds are disbursed to the State Treasury two times each year along with the required reports.

Note 4: D.A.R.E Account Receipts/Disbursements Categories - The DARE program no longer maintains their own checking accounts, accounts have been closed and all funds are deposited to the County through the Treasurer's Office. All expenses are now paid through the Controllers' Office.

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February 17, 2006

Mr. Felix A. DeLuca
Beaver County Sheriff
Beaver County Courthouse
Beaver, Pennsylvania

Report On Internal Control Structure

We have audited the records of the Beaver County Sheriff for the period January 1, 2003 to December 31, 2005 and have issued our report thereon dated February 17, 2006.

We conducted our audit in accordance with generally accepted auditing standards and Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatement.

In planning and performing our audit of the Office of the Beaver County Sheriff for the period January 1, 2003 to December 31, 2005 we considered the office's internal control structure to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and the office's compliance with applicable regulations and not to provide assurance on the internal control structure.

The management of the office is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statement in accordance with prescribed policies. Because of inherent limitations in any internal control

structure, errors or irregularities may nevertheless occur and not be detected. Also, future reliance on any evaluation of the structure, past or current, is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. Additionally we assessed control risk for the internal control structure except for matters of compliance. Compliance with applicable laws and regulations was considered when assessing control risk for the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement.


A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce, to a relatively low level, the risk that material errors or irregularities affecting the financial statements being audited may occur and not be timely detected by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses as defined above. We noted the following reportable conditions:

- **County Purchasing Policy is being Circumvented.**
- **State Mandated Bidding and Contract Regulations were not Complied with.**
- **Improper Invoices Presented for Payment.**
- **All Funds Should Be Receipted on a Daily Basis.**
- **Notary Fee Should be Reviewed**
- **A System of Checks and Balances Should be Implemented for the Sheriff's Checking Account.**
- **Long Outstanding Cases Listed on the Escrow Report Should be Periodically Reviewed**
- **The Proper Grant Applications and State Determinations were not on File in the Sheriff's Office.**

For further elaboration of these weaknesses, refer to the "Findings, Observations and Recommendations" section of this audit report.

This report is intended solely for the information and use of management, the office of the controller, and others within the administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink, appearing to read "Richard W. Towcimak", with a stylized flourish at the end.

Richard W. Towcimak
Beaver County Controller

Findings, Observations and Recommendations

Finding #1: County Purchasing Policy is being Circumvented.

All items sampled over the \$200.00 limit had the required purchase orders. However, contrary to county policy, many of these purchase orders were obtained after the purchases were made. Discussion with the Director of the Purchasing department revealed that they are issuing confirming purchase orders. She stated that she had attempted to return some invoices without purchase orders to the elected officials who had submitted them; however she was instructed by the Commissioners office to issue purchase orders after the fact. She also stated that she has now been issuing confirming purchase orders for legitimate purchases. Expenditures for the year 2005 were reviewed to determine the extent to which confirming purchase orders were issued. Individual items with a purchase price of more than \$199.99 were reviewed for the year 2005. A total of 81 items were reviewed, of this total 38 items were purchased prior to the issuance of purchase orders. Items purchased without prior purchase orders ranged in price from \$208.00 to \$1,805.00. Issuing confirming purchase orders circumvents the original intent of the county purchasing policy. The benefits of issuing purchase orders after the fact are very circumspect. It is unclear how such a procedure can be effective or fulfill the original intent of the county purchasing policy. This problem should be reviewed with the county purchasing department. This problem would appear to be county wide and not just limited to the Sheriff's Department.

Conclusions:

It is recommended that the Sheriff's Office observe the county purchasing policy. It is also recommended that the county purchasing policy be reviewed to determine whether the current \$200.00 limit for purchase orders is correctly stated. If this amount is correct then the policy should be enforced and invoices for amounts exceeding this limit should be returned to the department where the item was purchased as not payable.

Finding #2: State Mandated Bidding and Contract Regulations were not Complied with.

It was noted that Body armor purchased in 2005 for the Sheriff's department did not comply with county purchasing policies, see Commonwealth of Pennsylvania County Code section 1802. The body armor was purchased from Snake Run Sports at a cost of \$19,094.90. During discussion with the commander in charge of this purchase it was disclosed that three bids were received for these vest. However, no bids or bid specs were on file in the Purchasing Department and no bids were presented by the Sheriff's Department to support this statement. The administrator in the Purchasing Department stated that she did not bid the vest through her office. In addition it was suggested that these vests were purchased through a state purchasing contract. While a state contract number was provided there was no evidence that compliance with the state contract was observed. No evidence was supplied that shows that Snake Run Sports was a state authorized dealer. Additionally no evidence was supplied that suggested that the proper

procedures were followed to purchase these items according to state regulations. It was noted that the Beaver County Commissioners signed a purchase order request for the body armor.

Conclusions:

It is recommended that when purchasing items exceeding the bid limit such items be bid as required by the Pennsylvania County Code. It is also recommended that the Sheriff's Office and the Purchasing Office follow all state procedures when purchasing through state contracts.

Finding #3: Improper Invoices Presented for Payment.

It was noted that two items were presented for payment without invoices. Two vans transferred to the Sheriff's Department were painted by Greater Pitt Body & Paint Shop and what appear to be estimates for the work were presented for payment along with confirming purchase orders. Discussion with the deputy in charge of having the vehicles painted confirmed that the vehicles were painted, however he said that no invoices were available other than what was presented for payment. The first paper presented for payment does not specify what the charges are for, it is not broken down into paint, labor etc. it simply states complete paint 1200.00. The second paper does not even state this; it does have complete paint \$1000.00 written out by hand at the bottom of the page.

Conclusions:

It is recommended that proper invoices be submitted for all items submitted for payment to the Controller's Office.

Observation #1: All Funds Should be Receipted on a Daily Basis.

Some funds received through the mail are not being receipted on a daily basis. Office staff stated that due to a lack of personnel it was not possible to receipt all funds on a daily basis. Some checks are being held until the paperwork required by these cases can be completed. These funds are being receipted on the same day the cases are being processed. In addition, these checks are not being marked "for deposit only" upon receipt they are being marked "for deposit only" when they are being receipted. These checks are left on desk tops over night and the result is that these unendorsed checks remain accessible to anyone with access to the Sheriff's Office.

Conclusion:

It is recommended that all funds be receipted immediately upon receipt. All funds received through the mail should be receipted on the same day they are received. In addition all checks should be endorsed for deposit only as soon as the mail is opened. It is also recommended that any checks remaining in the office overnight be properly secured.

Observation #2: Notary Fee Should be Reviewed

The fee for notary service should be reviewed as it would appear there is a possibility of increasing this fee. Discussion with office personnel disclosed that a notice of this increase was received. However this notice could not be produced.

Conclusion:

It is recommended that the fee for notary service be reviewed to insure the correct fee is charged.

Observation #3: A System of Checks and Balances Should be Implemented for the Sheriff's Checking Account.

It was noted that the Sheriff's office continues to require only one signature for check disbursement. The same individuals responsible for receiving funds entering information into Infocon accounting system also prepares and signs checks. These checks are not reviewed by supervisory personnel prior to distribution. Given current staffing limitations other checking account procedures appear reasonable.

Conclusion:

It is recommended that a system be implemented whereby checks are reviewed by management before being released for payment (this may include a second signature for each check). This is necessary to prevent the possibility of fraud or perceived fraud caused by errors.

Observation #4: Long Outstanding Cases Listed on the Escrow Report Should be Periodically Reviewed

Case files reviewed appeared to represent true escrow balances, however further review of long outstanding items revealed that some items are not being completed in a timely manner. This results in an inflation of the escrow held by the sheriff's department. It was also revealed that a problem with the Infocon system is resulting in items not clearing from the escrow report when certain items are voided. Escrow items questioned in the previous audit appear to have been corrected.

Conclusions:

It is recommended that the escrow report be reviewed on a regular basis and that all long outstanding items be reviewed to determine if they are truly active cases. It is also recommended that void items be carefully reviewed to insure that they clear the escrow report.

Observation #5: The Proper Grant Applications and State Determinations were not on File in the Sheriff's Office.

It was noted that over the audit period all bank accounts held by the Sheriff's department for the DARE Program and Camp Deputy have been transferred to the County Treasurer's Office. All funds are now deposited with the County Treasurer and all expenses are now paid through the County Controller's Office. It would appear that all county procedures have been applied properly. It was noted that receipts and disbursements for Camp Deputy are now being tracked by the Sheriff's Office. Copies of grant applications and state determinations for the DARE program were not available at the Sheriff's Office, the deputy in charge was able to obtain the information from the school districts involved. Review of this information would appear to indicate that all funding due the county from the DARE program was received over the audit period.

Conclusion:

It is recommended that copies of all grant applications and state determinations be kept on file in the Sheriff's Office. This information should be used to insure that all funds due the county are received by the Sheriff's Department.

**THE OFFICE OF THE BEAVER COUNTY SHERIFF
AUDIT RESPONSES
FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2005**

This report is being issued for the Audit period of January 2003 Though December 2005 without comment from the Sheriff's Office.